



NEWS RELEASE

DEFENSE FINANCE AND ACCOUNTING SERVICE

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Reverse Auction Saves Agency Almost \$2 Million

The Defense Finance and Accounting Service (DFAS) used a reverse auction to buy over \$6 million of information technology equipment on September 26, 2001.

With this money, DFAS purchased more than 3,000 desktop personal computers, over 1,000 laptop computers and 600 21-inch monitors and saved more than \$1.9 million over what it would have paid using a GSA Schedule price.

Last year, DFAS used the online purchase capability to buy \$7.6 million of equipment and saved about 22 percent off its original purchase price. Using the system again this year was highly recommended, according to Jim Lee, director (acting), Acquisition Services Directorate.

This reverse auction was conducted like a traditional auction, except prices dropped rather than increased and the bidding was done in cyberspace. During the bidding process, those logged in could monitor web pages listing bids for each type of equipment sought. With each vendor's lowered bid, the auction page was updated displaying the current figure to all.

The auction, conducted in conjunction with General Services Administration's Federal Technology Service and CISglobal was a success, according to Audrey Davis, DFAS chief information officer. "We need these purchases to keep our workforce up-to-date with current technology. We determined our savings this year was over 32 percent. It's important to leverage technology and buying power. By harnessing competitive market forces, we are able to purchase equipment at the lowest possible prices saving the government and taxpayers, significant money," Davis explained.

Four pre-qualified original equipment manufacturers participated in the online real-time auction and Dell was the contract winner.

CISglobal representative, James A. Forkin, said his company has done eight reverse auctions during the fiscal year, but expects demand to increase. "This is another way of doing business and accelerating procurements. With the savings we've come to expect and more, reverse auctions will become a more common method of doing business."

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